

Financial Markets Daily

March 23, 2022

Main drivers for the financial markets today...

- **Stock markets lower, with government bond yields negative while the USD and oil strengthen given the possibility that new sanctions to Russia impact the supply of energy commodities, with negative implications both for prices and economic activity**
- **President Biden will travel to Europe to meet with NATO and European Union peers, expecting they announce a new package of sanctions against Russia due to its invasion of Ukraine**
- **Regarding monetary policy, attention will center on Jerome Powell's speech at the BIS Innovation Summit, with participations also from Christine Lagarde (ECB) and Andrew Bailey (BoE). Nevertheless, on the Fed, we will also have comments from Daly and Bullard, who have shown a more hawkish bias in its latest interventions**
- **On economic data, February's inflation in the UK surprised slightly to the upside by climbing to 5.5%, its highest level in 30 years, with the core reaching 5.2%. Later we will be looking into consumer confidence in the Eurozone and new home sales in the US**
- **On the virus, a third of European countries, including Germany, France and the UK are experiencing surges in cases after sharply withdrawing restrictions. In addition, more than a third of new infections in the US are related to the BA.2 subvariant of Omicron**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone and UK</i>					
3:00	UK Consumer prices - Feb	% y/y	--	6.0	5.5
3:00	Core - Feb	% y/y	--	5.0	4.4
11:00	EZ Consumer Confidence* - Mar (F)	index	--	-12.9	-8.8
<i>United States</i>					
8:00	Fed's Powell takes part in BIS panel on innovation				
10:00	New home sales** - Feb	miles	--	812	801
11:45	Fed's Daly Takes Part in Bloomberg Event				
15:00	Fed's Bullard discusses the economic outlook				
21:00	Fed's Bullard discusses the economic outlook				
<i>Mexico</i>					
11:00	International reserves - Mar 18	US\$bn	--	--	201.4

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; (F) final data; * Seasonally adjusted; ** Seasonally adjusted annualized rate.

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A glimpse to the main financial assets

	Last	Daily chg.
<i>Equity indices</i>		
S&P 500 Futures	4,481.75	-0.5%
Euro Stoxx 50	3,873.92	-1.3%
Nikkei 225	28,040.16	3.0%
Shanghai Composite	3,271.03	0.3%
<i>Currencies</i>		
USD/MXN	20.24	-0.2%
EUR/USD	1.10	-0.4%
DX	98.73	0.2%
<i>Commodities</i>		
WTI	112.88	1.0%
Brent	119.29	3.3%
Gold	1,927.27	0.3%
Copper	470.20	0.3%
<i>Sovereign bonds</i>		
10-year Treasury	2.37	-2pb

Source: Bloomberg

Equities

- **Stock markets with negative bias, as caution among investors prevail, ahead of the possibility of new sanctions against Russia, and while assessing the impact of higher energy prices on inflation, and risks associated with lower global economic growth**
- **Futures in the US anticipate a negative opening with the S&P500 trading 0.4% below its theoretical value, after the rise observed in the previous session, and attention in comments from federal reserve members. Europe trades with widespread losses, of 0.6% on average, with the technology sector being the major affected by the expectation of stricter regulation. Asia closed mixed, highlighting the advance of the Nikkei with 3.0% and the Hang Seng with 1.2%**
- **Amx will propose a 4.0% retribution to its shareholders, including 2.1% in dividends and 1.9% in buybacks**

Sovereign fixed income, currencies and commodities

- **Positive performance in sovereign bonds amid risk aversion, with European assets adjusting -2bps and the US Treasury curve steepening, with the short-end gaining 3bps and the long-end losing 1bp. Yesterday, the Mbonos' curve closed with losses of 19bps, on average, and the 10-year benchmark at 8.46% (+19bps)**
- **The dollar strengthens with the DXY gaining 0.3% as G-10 and emerging market currencies trade with a negative bias. In the first group GBP (-0.4%) leads the losses and in the second HUF (-0.8%) is the weakest. The Mexican peso trades with an appreciation of 0.2% at 20.26 per dollar**
- **Crude-oil prices advance 2.7%, on average, amid concerns of an impact on crude oil supply and damage to a relevant terminal in the Black Sea due to a storm. In metals, gold gains 0.4% and industrials also trade in positive territory**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,807.46	0.7%
S&P 500	4,511.61	1.1%
Nasdaq	14,108.82	2.0%
IPC	55,722.48	0.5%
Ibovespa	117,272.44	1.0%
Euro Stoxx 50	3,926.12	1.1%
FTSE 100	7,476.72	0.5%
CAC 40	6,659.41	1.2%
DAX	14,473.20	1.0%
Nikkei 225	27,224.11	1.5%
Hang Seng	21,889.28	3.1%
Shanghai Composite	3,259.86	0.2%
<i>Sovereign bonds</i>		
2-year Treasuries	2.16	5pb
10-year Treasuries	2.38	9pb
28-day Cetes	6.50	-1pb
28-day TIIE	6.28	1pb
2-year Mbono	8.44	17pb
10-year Mbono	8.46	11pb
<i>Currencies</i>		
USD/MXN	20.28	-0.4%
EUR/USD	1.10	0.1%
GBP/USD	1.33	0.7%
DXY	98.49	0.0%
<i>Commodities</i>		
WTI	111.76	-0.3%
Brent	115.48	-0.1%
Mexican mix	107.03	8.9%
Gold	1,921.69	-0.7%
Copper	470.00	-0.2%

Source: Bloomberg

Corporate Debt

- **Grupo Aeroportuario del Pacífico informed that it concluded the refinancing of its bank debt for US\$ 191 million, maturing in January and February 2024. According to the statement, the company extended the current debt for two additional years, with its new maturity in January and March 2026**
- **The refinancings were obtained with the same two banking institutions that originally granted the loans; the first with BBVA Mexico for US\$ 95.5 million with a term of 48 months and a 2.45% fixed annual rate and the second with Scotiabank Inverlat for US\$ 95.5 million, with a term of 46 months and a 2.64% fixed annual rate**

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We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldivar, Marissa Garza Ostos, Francisco José Flores Serrano, Katia Celina Goya Ostos, José Luis García Casales, Yazmín Selene Pérez Enríquez, José Itzamna Espitia Hernández, Carlos Hernández García, David Alejandro Arenas Sánchez, Paola Soto Leal, Víctor Hugo Cortes Castro, Hugo Armando Gómez Solís, Daniela Olea Suarez, Miguel Alejandro Calvo Domínguez, Luis Leopoldo López Salinas, Leslie Thalía Orozco Vélez, Gerardo Daniel Valle Trujillo and Isaías Rodríguez Sobrino, certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V. for the provision of our services.

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	Reference
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HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
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